

A Meeting of the Board of Directors of the Suffolk Regional Off-Track Betting Corporation was held on January 30, 2014 at 10 A.M. at Corporate Headquarters, 5 Davids Drive, Hauppauge, New York.

The following persons were present:

Dominick P. Feeney	Chairman
Herbert Hemendinger	Vice Chairman
Eddie S. Wynn	Secretary
Philip C. Nolan	President
Anthony Pancella III	Vice President
James McManmon	General Counsel
Celine Gazes	Comptroller
Paulette L. Moses	Corresponding Secretary to the Board

Also Present:

Victor Salamone	Chief of Staff
Lorraine Pappas	Deputy Chief of Staff
Debbie Pfeiffer	Director of Public and Government Affairs
Kim Edelstein	Director of Wagering Operations and Customer Service
Sue Baschuk	Teamsters Local 237 Representative
Timothy Turner	Assistant to the Director of Corporate Facilities

The Meeting was called to order by Chairman Feeney at 10:00 A.M.

ITEM #1 APPROVAL OF MINUTES OF THE BOARD OF DIRECTORS

MEETING DECEMBER 17, 2013

Chairman Feeney stated that the first item on the Agenda was to approve the Minutes of the Board of Directors' Meeting of December 17, 2013 whereupon a motion that those minutes be approved was made by Vice Chairman Hemendinger, seconded by Secretary Wynn and carried unanimously.

ITEM#2 DECEMBER HANDLE REPORT

Comptroller Gazes reported the analysis of the December 2013 handle was down \$1,212,465 or 14.0% from 2012. The year to date handle through December was down \$4,110,623 or 3.6% from 2012. December's handle was down compared to projected handle as submitted to NYS by \$1,039,103 or 12.2% for the month, and year to date was down \$4,834,906 or 4.2%.

The total QWIK betz handle was down \$121,895 or 16.4% for the month in spite of all the new locations, primarily due to a huge decrease at Jimmy's Pub of \$160,039 or 82.5%, and a fire related closure at Jon Thomas Inne, which was down \$79,867 or 90.9%. Year to date through December, QWIK betz handle is up \$94,036 or 1.0% despite huge decreases at Sit n' Sip of \$454,530 or 54.0% and the loss of Vincenzo's and Bruno's. Internet wagering was down \$56,244 or 8.8%, and telephone wagering was down \$103,159 or 14.0%, so overall account wagering handle, phone and internet combined, was down \$159,403 or 11.6% for the month of December. Year to date internet handle is up \$192,432 or 2.3%, but year to date telephone handle is down \$775,793 or 7.3%. The combined account wagering handle is down year to date \$583,361 or 3.1%.

The Racing Forum's handle for December was down \$68,013 or 3.1%, and is up \$1,507,296 or 5.0% year to date. The overall regular branch handle was down \$863,154 or 20.0% month to date, with Airport having the largest decrease of \$243,851 or 26.9%. Year to date, regular branch handle is down \$5,128,594 or 9.4%. The only year-to-date increase is

Shirley, at \$230,468 or 3.4%. The largest year-to-date decreases are again Commack at \$1,635,612 or 22.0%, and Route 110, at \$1,457,290 or 24.3%.

The telephone handle represented 8.5% of total handle for the month of December in both 2012 and 2013. Internet handle increased from 7.3% of total handle in December 2012 to 7.8% in December 2013. Combined they represented 15.8% of the total for December 2012 and 16.3% for December 2013. Handle for the Forum for the month of December as a percentage of total handle increased from 25.7% in 2012 to 29.0% in 2013. Regular branch handle as a percentage of total handle decreased from 49.9% in December 2012 to 46.4% in December 2013. QWIK betz decreased from 8.6% to 8.4% of total handle for the month of December. Aqueduct handle was up \$224,944, with 3 additional race days. However, the daily average decreased, from \$138,554 in December 2012 to \$129,018 in December 2013. Finger Lakes handle was up \$38,286 or 49.4%, with two additional days of racing. The daily average also increased from \$15,504 to \$16,544.

In-state harness handle was down \$121,746 or 25.3%. Yonkers had by far the largest dollar decrease, at \$117,533 or 46.8%. Their daily average decreased 29.1% from \$15,692 to \$11,128. Monticello was up for the month by \$5,857 or 3.1%. Out of state thoroughbred handle was down \$1,187,117 or 24.2%. The largest decrease of \$691,728 or 45.2%, was at Gulfstream. They had fewer race days, but their daily average also decreased 19.6%, from \$69,635 to \$56,017. Most of the others also had decreases, but there were a couple of increases, such as Calder (which did not run last December), Hollywood Park, and Turf Paradise. Out of state harness handle was down \$166,833 or 19.6%. The decreases are widespread, but partially offset by Meadowlands, which was up \$87,624 or 190.1%.

Every region had a decrease for the month, ranging from 8.7% for Western to 21.5% for Catskill. The overall statewide handle for the month was down 14.4% from last year, so our 14.0% decrease is in line with the overall statewide trend. The year to date statewide handle is down 5.0%, with Catskill having the highest percentage decrease of 10.2% and Suffolk the lowest at 3.6 %.

Through Wednesday, January 29, handle for the month is down by \$954,490 or 11.7%. We have had a lot more weather related cancellations this year.

ITEM #3 PRESIDENT'S REPORT

President Nolan stated that the contract between Suffolk Regional OTB and Delaware North Companies will be signed by all parties in the very near future. The VLT Casino site location investigation is ongoing with strong prospects, as reported by the Delaware North Companies. The main topic with Delaware North is our financial viability. We will be preparing documents today to send over to them for review, including real estate information. Both organizations continue their due diligence as we come very close to an agreement of contract.

President Nolan stated that we will be back in bankruptcy court on February 12, 2014 to discuss a number of issues that we will discuss with the Board in executive session. The QWIK betz locations are growing and we are now up to 30 locations, with several new applications being processed.

ITEM #4 VICE PRESIDENT'S REPORT

Vice President Pancella reported that we continue to work with Sportech on the issues that still need to be addressed. Sportech has submitted an implementation plan for new machines at the branches to replace the old machines. These are compliance issues that we are trying to resolve. Vice President Pancella and his staff continue to work with the responsible Sportech personnel to achieve the standard of progress we anticipated.

ITEM #5 ELECTIONS OF OFFICERS

A motion was made by Vice Chairman Hemendinger to nominate Dominick Feeney as Chairman. The motion was seconded by Secretary Wynn and carried unanimously.

A motion was made by Chairman Feeney to nominate Herbert Hemendinger as Vice Chairman. The motion was seconded by Secretary Wynn and carried unanimously.

A motion was made by Vice Chairman Hemendinger to nominate Eddie Wynn as Secretary. The motion was seconded by Chairman Feeney and carried unanimously.

ITEM #6 PROCUREMENT POLICY

General Counsel McManmon explained that the Corporation's Procurement Policy as presented is the same as last year with no changes.

A motion was made by Vice Chairman Hemendinger to adopt the Procurement Policy for the Corporation for 2014. The motion was seconded by Secretary Wynn and carried unanimously.

ITEM #7 INVESTMENT POLICY

Comptroller Gazes explained that the Investment Policy as presented is the same as last year with no changes.

A motion was made by Vice Chairman Hemendinger to adopt the Investment Policy for the Corporation for 2014. The motion was seconded by Secretary Wynn and carried unanimously.

ITEM #8 INDEPENDENT AUDITING SERVICES OF AVZ

Comptroller Gazes referred to the engagement letter received from Albrecht, Viggiano, Zureck & Co. (AVZ), the firm which Suffolk OTB engages as our independent auditors. The letter describes the accounting services and reports which AVZ will provide to Suffolk OTB for the year ending December 31, 2012. Comptroller Gazes noted that she will sign this letter of understanding based on the agreement which Suffolk OTB already has in place with AVZ. The audit is scheduled to start February 24, 2013 and is due at the end of March 2014

ITEM #9 RENEWAL OF AGREEMENT WITH KEVIN SNOVER ESQ.

A motion was made by Vice Chairman Hemendinger to extend the agreement with Kevin Snover Esq. for services as Counsel to the Board of Directors at a cost of \$22,000.00 for the year 2014. The motion was seconded by Secretary Wynn and carried unanimously.

President Nolan asked that the Board consider going into Executive Session. A motion was made by Vice Chairman Hemendinger that the Board goes into Executive Session. The motion was seconded by Secretary Wynn and carried unanimously.

Upon reconvening in Open Session, Counsel McManmon stated that during Executive Session certain personnel matters and litigation matters were discussed. No motions were made and no votes were taken.

Chairman Feeney noted that the next meeting of the Board of Directors will be held Thursday March 6, 2014 at 10 am.

There being no further business before the Board, a motion was made by Vice-Chairman Hemendinger that the meeting be adjourned. The motion was seconded by Secretary Wynn and carried unanimously.

Eddie S. Wynn, Secretary

RESOLUTION

After a motion having been made, seconded and unanimously carried, it is

RESOLVED, that the Corporation's Procurement Policy is hereby adopted for the year 2014.

CERTIFICATE OF SECRETARY

EDDIE S. WYNN, being the Secretary of Suffolk Regional Off-Track Betting Corporation, does hereby certify that said Resolution has duly passed at a meeting of the Board of Directors of Suffolk Regional Off-Track Betting Corporation held at Hauppauge, New York 11788 on the 30th day of January 2014.

Eddie S. Wynn, Secretary

RESOLUTION

After a motion having been made, seconded and unanimously carried, it is

RESOLVED, that the Corporation's Investment Policy is hereby adopted
for the year 2014.

CERTIFICATE OF SECRETARY

EDDIE S. WYNN, being the Secretary of Suffolk Regional Off-Track Betting Corporation, does hereby certify that said Resolution has duly passed at a meeting of the Board of Directors of Suffolk Regional Off-Track Betting Corporation held at Hauppauge, New York 11788 on the 30th day of January 2014.

Eddie S. Wynn, Secretary

RESOLUTION

After a motion having been made, seconded and unanimously carried, it is

RESOLVED, that the Board of Directors agrees to extend the agreement with Mr. Kevin Snover Esq. for services as Counsel to the Board of Directors at a cost of \$22,000.00 for the year 2014.

CERTIFICATE OF SECRETARY

EDDIE S. WYNN, being the Secretary of Suffolk Regional Off-Track Betting Corporation, does hereby certify that said Resolution has duly passed at a meeting of the Board of Directors of Suffolk Regional Off-Track Betting Corporation held at Hauppauge, New York 11788 on the 30th day of January 2014.

Eddie S. Wynn, Secretary